



Rep. Julie Hamos

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LRB096 05321 MJR 25050 a

1 AMENDMENT TO HOUSE BILL 1713

2 AMENDMENT NO. _____. Amend House Bill 1713 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Consumer Installment Loan Act is amended by
5 changing Sections 1, 12, 15, and 15d and by adding Sections
6 17.1, 17.2, 17.3, 17.4, 17.5, and 19.2 as follows:

7 (205 ILCS 670/1) (from Ch. 17, par. 5401)

8 Sec. 1. License required to engage in business. No person,
9 partnership, association, limited liability company, or
10 corporation shall engage in the business of making loans of
11 money in a principal amount not exceeding \$25,000, and charge,
12 contract for, or receive on any such loan a greater rate of
13 interest, discount, or consideration therefor than the lender
14 would be permitted by law to charge if he were not a licensee
15 hereunder, except as authorized by this Act after first
16 obtaining a license from the Director of Financial Institutions

1 (hereinafter called the Director). No licensee, or employee or
2 affiliate thereof, shall be licensed under the Payday Loan
3 Reform Act.

4 (Source: P.A. 89-400, eff. 8-20-95; 90-437, eff. 1-1-98.)

5 (205 ILCS 670/12) (from Ch. 17, par. 5412)

6 Sec. 12. Other business.

7 (a) Upon application by the licensee, and approval by the
8 Director, the Director may approve the conduct of other
9 businesses not specifically permitted by this Act in the
10 licensee's place of business, unless the Director finds that
11 such conduct will conceal or facilitate evasion or violation of
12 this Act. Such approval shall be in writing and shall describe
13 the other businesses which may be conducted in the licensed
14 office.

15 (b) A licensee may without notice to and approval of the
16 Director, in addition to the business permitted by this Act,
17 conduct the following business:

18 (1) The business of a sales finance agency as defined
19 in the Sales Finance Agency Act.

20 (2) The business of soliciting or selling any type of
21 insurance provided that all such insurance transactions
22 are conducted in accordance with and are regulated under
23 the Illinois Insurance Code.

24 (3) The business of financing premiums for insurance.

25 ~~(4) Making loans pursuant to the Financial Services~~

1 ~~Development Act.~~

2 The Director shall make and enforce such reasonable rules and
3 regulations for the conduct of business under this Act in the
4 same office with other businesses as may be necessary to
5 prevent evasions or violations of this Act. The Director may
6 investigate any business conducted in the licensed office to
7 determine whether any evasion or violation of this Act has
8 occurred.

9 (Source: P.A. 90-437, eff. 1-1-98.)

10 (205 ILCS 670/15) (from Ch. 17, par. 5415)

11 Sec. 15. Charges permitted.

12 (a) This Section does not apply to small consumer loans, as
13 defined in Section 17.1 of this Act.

14 **(b)** Every licensee may lend a principal amount not
15 exceeding \$40,000 and may charge, contract for and receive
16 thereon interest at an annual percentage the rate of no more
17 than 36% agreed upon by the licensee and the borrower, subject
18 to the provisions of this Act; provided, however that the
19 limitation on the annual percentage rate contained in this
20 subsection (b) does not apply to title-secured loans, which are
21 defined and governed by the Illinois Administrative Code. For
22 purposes of this subsection (b), the annual percentage rate
23 shall be calculated in accordance with the federal Truth in
24 Lending Act.

25 **(c)** ~~(b)~~ For purpose of this Section, the following terms

1 shall have the meanings ascribed herein.

2 "Applicable interest" for a precomputed loan contract
3 means the amount of interest attributable to each monthly
4 installment period. It is computed as if each installment
5 period were one month and any interest charged for extending
6 the first installment period beyond one month is ignored. The
7 applicable interest for any monthly installment period is that
8 portion of the precomputed interest that bears the same ratio
9 to the total precomputed interest as the balances scheduled to
10 be outstanding during that month bear to the sum of all
11 scheduled monthly outstanding balances in the original
12 contract.

13 "Interest-bearing loan" means a loan in which the debt is
14 expressed as a principal amount plus interest charged on actual
15 unpaid principal balances for the time actually outstanding.

16 "Precomputed loan" means a loan in which the debt is
17 expressed as the sum of the original principal amount plus
18 interest computed actuarially in advance, assuming all
19 payments will be made when scheduled.

20 (d) ~~(e)~~ Loans may be interest-bearing or precomputed.

21 (e) ~~(d)~~ To compute time for either interest-bearing or
22 precomputed loans for the calculation of interest and other
23 purposes, a month shall be a calendar month and a day shall be
24 considered 1/30th of a month when calculation is made for a
25 fraction of a month. A month shall be 1/12th of a year. A
26 calendar month is that period from a given date in one month to

1 the same numbered date in the following month, and if there is
2 no same numbered date, to the last day of the following month.
3 When a period of time includes a month and a fraction of a
4 month, the fraction of the month is considered to follow the
5 whole month. In the alternative, for interest-bearing loans,
6 the licensee may charge interest at the rate of 1/365th of the
7 agreed annual rate for each day actually elapsed.

8 (f) ~~(e)~~ With respect to interest-bearing loans:

9 (1) Interest shall be computed on unpaid principal
10 balances outstanding from time to time, for the time
11 outstanding, until fully paid. Each payment shall be
12 applied first to the accumulated interest and the remainder
13 of the payment applied to the unpaid principal balance;
14 provided however, that if the amount of the payment is
15 insufficient to pay the accumulated interest, the unpaid
16 interest continues to accumulate to be paid from the
17 proceeds of subsequent payments and is not added to the
18 principal balance.

19 (2) Interest shall not be payable in advance or
20 compounded. However, if part or all of the consideration
21 for a new loan contract is the unpaid principal balance of
22 a prior loan, then the principal amount payable under the
23 new loan contract may include any unpaid interest which has
24 accrued. The unpaid principal balance of a precomputed loan
25 is the balance due after refund or credit of unearned
26 interest as provided in paragraph (g) ~~(f)~~, clause (3). The

1 resulting loan contract shall be deemed a new and separate
2 loan transaction for all purposes.

3 (3) Loans must be fully amortizing and be repayable in
4 substantially equal and consecutive monthly installments.
5 Notwithstanding this requirement, ~~may be payable as agreed~~
6 ~~between the parties, including payment at irregular times~~
7 ~~or in unequal amounts and rates that~~ may vary according to
8 ~~with~~ an index that is independently verifiable and beyond
9 the control of the licensee.

10 (4) The lender or creditor may, if the contract
11 provides, collect a delinquency or collection charge on
12 each installment in default for a period of not less than
13 10 days in an amount not exceeding 5% of the installment on
14 installments in excess of \$200, or \$10 on installments of
15 \$200 or less, but only one delinquency and collection
16 charge may be collected on any installment regardless of
17 the period during which it remains in default.

18 (g) ~~(f)~~ With respect to precomputed loans:

19 (1) Loans shall be repayable in substantially equal and
20 consecutive monthly installments of principal and interest
21 combined, except that the first installment period may be
22 longer than one month by not more than 15 days, and the
23 first installment payment amount may be larger than the
24 remaining payments by the amount of interest charged for
25 the extra days; and provided further that monthly
26 installment payment dates may be omitted to accommodate

1 borrowers with seasonal income.

2 (2) Payments may be applied to the combined total of
3 principal and precomputed interest until the loan is fully
4 paid. Payments shall be applied in the order in which they
5 become due, except that any insurance proceeds received as
6 a result of any claim made on any insurance, unless
7 sufficient to prepay the contract in full, may be applied
8 to the unpaid installments of the total of payments in
9 inverse order.

10 (3) When any loan contract is paid in full by cash,
11 renewal or refinancing, or a new loan, one month or more
12 before the final installment due date, a licensee shall
13 refund or credit the obligor with the total of the
14 applicable interest for all fully unexpired installment
15 periods, as originally scheduled or as deferred, which
16 follow the day of prepayment; provided, if the prepayment
17 occurs prior to the first installment due date, the
18 licensee may retain 1/30 of the applicable interest for a
19 first installment period of one month for each day from the
20 date of the loan to the date of prepayment, and shall
21 refund or credit the obligor with the balance of the total
22 interest contracted for. If the maturity of the loan is
23 accelerated for any reason and judgment is entered, the
24 licensee shall credit the borrower with the same refund as
25 if prepayment in full had been made on the date the
26 judgement is entered.

1 (4) The lender or creditor may, if the contract
2 provides, collect a delinquency or collection charge on
3 each installment in default for a period of not less than
4 10 days in an amount not exceeding 5% of the installment on
5 installments in excess of \$200, or \$10 on installments of
6 \$200 or less, but only one delinquency or collection charge
7 may be collected on any installment regardless of the
8 period during which it remains in default.

9 (5) If the parties agree in writing, either in the loan
10 contract or in a subsequent agreement, to a deferment of
11 wholly unpaid installments, a licensee may grant a
12 deferment and may collect a deferment charge as provided in
13 this Section. A deferment postpones the scheduled due date
14 of the earliest unpaid installment and all subsequent
15 installments as originally scheduled, or as previously
16 deferred, for a period equal to the deferment period. The
17 deferment period is that period during which no installment
18 is scheduled to be paid by reason of the deferment. The
19 deferment charge for a one month period may not exceed the
20 applicable interest for the installment period immediately
21 following the due date of the last undeferred payment. A
22 proportionate charge may be made for deferment for periods
23 of more or less than one month. A deferment charge is
24 earned pro rata during the deferment period and is fully
25 earned on the last day of the deferment period. Should a
26 loan be prepaid in full during a deferment period, the

1 licensee shall credit to the obligor a refund of the
2 unearned deferment charge in addition to any other refund
3 or credit made for prepayment of the loan in full.

4 (6) If two or more installments are delinquent one full
5 month or more on any due date, and if the contract so
6 provides, the licensee may reduce the unpaid balance by the
7 refund credit which would be required for prepayment in
8 full on the due date of the most recent maturing
9 installment in default. Thereafter, and in lieu of any
10 other default or deferment charges, the agreed rate of
11 interest may be charged on the unpaid balance until fully
12 paid.

13 (7) Fifteen days after the final installment as
14 originally scheduled or deferred, the licensee, for any
15 loan contract which has not previously been converted to
16 interest-bearing under paragraph (g) ~~(f)~~, clause (6), may
17 compute and charge interest on any balance remaining
18 unpaid, including unpaid default or deferment charges, at
19 the agreed rate of interest until fully paid. At the time
20 of payment of said final installment, the licensee shall
21 give notice to the obligor stating any amounts unpaid.

22 (Source: P.A. 93-264, eff. 1-1-04.)

23 (205 ILCS 670/15d) (from Ch. 17, par. 5419)

24 Sec. 15d. Extra charges prohibited; exceptions.

25 (a) This Section does not apply to small consumer loans, as

1 defined in Section 17.1 of this Act.

2 (b) No amount in addition to the charges authorized by this
3 Act shall be directly or indirectly charged, contracted for, or
4 received, except (1) lawful fees paid to any public officer or
5 agency to record, file or release security; (2) (i) costs and
6 disbursements actually incurred in connection with a real
7 estate loan, for any title insurance, title examination,
8 abstract of title, survey, or appraisal, or paid to a trustee
9 in connection with a trust deed, and (ii) in connection with a
10 real estate loan those charges authorized by Section 4.1a of
11 the Interest Act, whether called "points" or otherwise, which
12 charges are imposed as a condition for making the loan and are
13 not refundable in the event of prepayment of the loan; (3)
14 costs and disbursements, including reasonable attorney's fees,
15 incurred in legal proceedings to collect a loan or to realize
16 on a security after default; (4) an amount not exceeding \$25,
17 plus any actual expenses incurred in connection with a check or
18 draft that is not honored because of insufficient or
19 uncollected funds or because no such account exists; and (5) a
20 document preparation fee not to exceed \$25 for obtaining and
21 reviewing credit reports and preparation of other documents.
22 This Section does not prohibit the receipt of a commission,
23 dividend, charge, or other benefit by the licensee or by an
24 employee, affiliate, or associate of the licensee from the
25 insurance permitted by Sections 15a and 15b of this Act or from
26 insurance in lieu of perfecting a security interest provided

1 that the premiums for such insurance do not exceed the fees
2 that otherwise could be contracted for by the licensee under
3 this Section. Obtaining any of the items referred to in clause
4 (i) of item (2) of this Section through the licensee or from
5 any person specified by the licensee shall not be a condition
6 precedent to the granting of the loan.

7 (Source: P.A. 89-400, eff. 8-20-95; 90-437, eff. 1-1-98.)

8 (205 ILCS 670/17.1 new)

9 Sec. 17.1. Small consumer loans; definition.

10 (a) Sections 17.1, 17.2, 17.3, 17.4, and 17.5 of this Act
11 apply exclusively to small consumer loans as defined in this
12 Section. Except for Sections 15 and 15d of this Act, small
13 consumer loans shall be made subject to all other Sections of
14 this Act.

15 (b) "Small consumer loan" means a loan with a finance
16 charge exceeding an annual percentage rate of 36% and with an
17 amount financed of \$3,000 or less. "Small consumer loan" does
18 not include a title-secured loan as defined by the Illinois
19 Administrative Code or a payday loan as defined by the Payday
20 Loan Reform Act.

21 (205 ILCS 670/17.2 new)

22 Sec. 17.2. Small consumer loans; charges permitted.

23 (a) For a small consumer loan, a licensee may charge the
24 following finance charges:

1 (i) An acquisition charge for making the original loan,
 2 not to exceed 10% of the amount financed or \$100, whichever
 3 is less;

4 (ii) An acquisition charge for the first time that the
 5 original loan is refinanced , not to exceed 5% of the
 6 amount financed or \$50, whichever is less;

7 (iii) A monthly installment account handling charge,
 8 not to exceed the following amounts:

9	<u>Amount financed</u>	<u>Per month charge</u>
10	<u>\$200 or less</u>	<u>\$6.50</u>
11	<u>\$200.01 - \$300</u>	<u>\$10.00</u>
12	<u>\$300.01 - \$500</u>	<u>\$13.50</u>
13	<u>\$500.01 - \$700</u>	<u>\$17.50</u>
14	<u>\$700.01 - \$900</u>	<u>\$20.00</u>
15	<u>\$900.01 - \$1,000</u>	<u>\$22.50</u>
16	<u>\$1,000.01 - \$1,100</u>	<u>\$25.00</u>
17	<u>\$1,100.01 - \$1,200</u>	<u>\$27.50</u>
18	<u>\$1,200.01 - \$1,300</u>	<u>\$30.00</u>
19	<u>\$1,300.01 - \$1,400</u>	<u>\$32.50</u>
20	<u>\$1,400.01 - \$1,500</u>	<u>\$35.00</u>
21	<u>\$1,500.01 - \$1,600</u>	<u>\$37.50</u>
22	<u>\$1,600.01 - \$1,700</u>	<u>\$40.00</u>
23	<u>\$1,700.01 - \$1,800</u>	<u>\$42.50</u>
24	<u>\$1,800.01 - \$1,900</u>	<u>\$45.00</u>
25	<u>\$1,900.01 - \$2,000</u>	<u>\$47.50</u>

1	<u>\$2,000.01 - \$2,100</u>	<u>\$50.00</u>
2	<u>\$2,100.01 - \$2,200</u>	<u>\$52.50</u>
3	<u>\$2,200.01 - \$2,300</u>	<u>\$55.00</u>
4	<u>\$2,300.01 - \$2,400</u>	<u>\$57.50</u>
5	<u>\$2,400.01 - \$2,500</u>	<u>\$60.00</u>
6	<u>\$2,500.01 - \$2,600</u>	<u>\$62.50</u>
7	<u>\$2,600.01 - \$2,700</u>	<u>\$65.00</u>
8	<u>\$2,700.01 - \$2,800</u>	<u>\$67.50</u>
9	<u>\$2,800.01 - \$2,900</u>	<u>\$70.00</u>
10	<u>\$2,900.01 - \$3,000</u>	<u>\$72.50</u>

11 The "amount financed" on a refinanced loan for purposes
12 of calculating the monthly installment account handling
13 charge pursuant to this item (iii) shall not include any
14 acquisition charges or monthly installment account
15 handling charges on the prior small consumer loan that is
16 paid off as a result of the refinancing.

17 (b) A small consumer loan shall be fully amortizing and be
18 repayable in its entirety in a minimum of 6 substantially equal
19 and consecutive payments with a period of not less than 180
20 days to maturity.

21 (c) On a small consumer loan, no other finance charge or
22 any other charge or fee is permitted except for the charges
23 permitted by this Section.

24 (d) The acquisition charge authorized in this Section shall
25 be fully earned at the time the loan is made and shall not be

1 subject to refund; except that, if the loan is paid off within
2 the first 90 days, the first \$10 of the acquisition charge
3 shall be retained by the licensee and the remainder of the
4 acquisition charge shall be refunded on a pro rata basis.

5 (e) A licensee may charge a consumer a fee not to exceed
6 \$1.00 or the actual cost charged by the certified database
7 provider, whichever is greater, for the verification required
8 under Section 17.5 of this Act. Only one such fee may be
9 collected by the licensee with respect to a particular loan.

10 (f) If there are insufficient funds to pay a check,
11 Automatic Clearing House (ACH) debit, or any other form of
12 payment on the day of presentment and only after the licensee
13 has incurred an expense, a licensee may charge the fee
14 specified in subsection (4) of Section 15d(b) of this Act. Only
15 one such fee may be collected by the licensee with respect to a
16 particular check, ACH debit, or other payment item even if it
17 has been deposited and returned more than once. A licensee
18 shall present the check, ACH debit, or other payment item not
19 more than twice.

20 (g) The lender or creditor may, if the contract provides,
21 collect a delinquency or collection charge on each installment
22 in default for a period of not less than 15 days in an amount
23 not exceeding 2.5% of the installment, but only one delinquency
24 and collection charge may be collected on any installment
25 regardless of the period during which it remains in default.

26 (h) Upon the pay off of a small consumer loan, the licensee

1 shall refund any unearned portion of the installment account
2 handling charge. The unearned portion of the installment
3 account handling charge that is refunded shall be calculated
4 based on a method which is at least as favorable to the
5 consumer as the actuarial method, as defined by the federal
6 Truth in Lending Act. The "sum of the digits" or "rule of
7 78ths" method of calculating prepaid interest refunds is
8 prohibited.

9 (i) A licensee shall not be entitled to attorney's fees
10 incurred in legal proceedings to collect a small consumer loan
11 or to realize on a security after default.

12 (j) This Section does not prohibit the receipt of a
13 commission, dividend, charge, or other benefit by the licensee
14 or by an employee, affiliate, or associate of the licensee from
15 the insurance permitted by Sections 15a and 15b of this Act or
16 from insurance in lieu of perfecting a security interest.

17 (k) The monthly account handling charge is inclusive of all
18 fees and charges, other than the acquisition charge and
19 verification fee, including charges and fees for single premium
20 credit insurance and other ancillary products financed by the
21 licensee.

22 (205 ILCS 670/17.3 new)

23 Sec. 17.3. Small consumer loans; terms.

24 (a) Small consumer loans shall be fully amortized and be
25 repayable in substantially equal and consecutive installments.

1 (b) A licensee is prohibited from making a small consumer
2 loan to a consumer who has or has had an outstanding small
3 consumer loan within the preceding 14 days, other than the
4 refinancing of the small consumer loan; provided, however, that
5 if a small consumer loan is refinanced within the first half of
6 the loan term, the licensee shall not be entitled to charge or
7 collect any acquisition charge.

8 (c) A licensee is prohibited from collecting any fee,
9 charge, or remuneration of any sort for renewing, amending, or
10 extending a small consumer loan beyond its original term.

11 (205 ILCS 670/17.4 new)

12 Sec. 17.4. Small consumer loans; loan amount. A licensee is
13 prohibited from making a small consumer loan to a consumer if
14 the total of all payments to be made in any month on the loan
15 exceeds 10% of the consumer's gross monthly income, as
16 demonstrated by official documentation of the income,
17 including, but not limited to, the consumer's most recent pay
18 stub or receipt reflecting payment of government benefits.

19 (205 ILCS 670/17.5 new)

20 Sec. 17.5. Verification.

21 (a) "Certified database" means the consumer reporting
22 service database established pursuant to the Payday Loan Reform
23 Act.

24 (b) Before making a small consumer loan to a consumer, the

1 licensee shall use the certified database to verify that the
2 small consumer loan is permissible under this Act.

3 (c) The licensee shall input the following information into
4 the certified database to determine whether the small consumer
5 loan is permissible under this Act:

6 (i) consumer's name and Social Security Number or Alien
7 Identification Number;

8 (ii) consumer's complete billing address;

9 (iii) consumer's gross monthly income;

10 (iv) date of the loan;

11 (v) the amount financed;

12 (vi) cash paid directly to the consumer;

13 (vii) the term of the loan;

14 (viii) the acquisition charge;

15 (ix) the monthly installment account handling charge;

16 (x) the annual percentage rate disclosed to the
17 consumer pursuant to Section 16 of this Act;

18 (xi) the annual percentage rate, inclusive of all fees
19 and charges, including charges and fees for single premium
20 credit insurance and other ancillary products financed by
21 the licensee;

22 (xii) the verification fee;

23 (xiii) the number of payments;

24 (xiv) the total of all payments;

25 (xv) security for the loan, if any; and

26 (xvi) whether the loan is refinancing a prior small

1 consumer loan.

2 (d) The licensee shall update the certified database on the
3 same day that any of the following events occur:

4 (i) a payment is made, including the amount of the
5 payment and method of payment;

6 (ii) a late charge is imposed, including the amount of
7 the late charge;

8 (iii) an insufficient funds fee is imposed, including
9 the amount of the fee;

10 (iv) any finance charges are refunded, including the
11 amount of the refund;

12 (v) the loan is refinanced;

13 (vi) the security is returned;

14 (vii) the loan is closed due to the collateral being
15 sold after default;

16 (viii) the loan is cancelled or rescinded; or

17 (ix) the loan is written off.

18 (e) To the extent a licensee sells a product or service to
19 a consumer, other than a small consumer loan, and finances any
20 portion of the cost of the product or service, the licensee
21 shall enter into the certified database:

22 (i) a description of the product or service sold;

23 (ii) the charge for the product or service;

24 (iii) the schedule of payments for the product or
25 service;

26 (iv) the portion of the charge for the product or

1 service, if any, that is included in the amount financed
2 by a small consumer loan; and

3 (v) whether the product or service is refundable or
4 revocable.

5 (f) A licensee may rely on the information contained in the
6 certified database as accurate and is not subject to any
7 administrative penalty or liability as a result of relying on
8 inaccurate information contained in the database.

9 (g) The certified database shall indemnify the licensee
10 against all claims and actions arising from illegal or willful
11 or wanton acts on the part of the certified database.

12 (h) All personally identifiable information regarding any
13 consumer obtained by way of the certified database and
14 maintained by the Department is strictly confidential and shall
15 be exempt from disclosure under provision (i) of item (b) of
16 subsection (1) of Section 7 of the Freedom of Information Act.

17 (i) No later than July 31 of the second year following the
18 effective date of this amendatory Act of the 96th General, the
19 Department shall publish a biennial report that contains a
20 compilation of aggregate data concerning the products and
21 services described in subsection (e) of this Section and shall
22 make the report available to the Governor, the General
23 Assembly, and the general public. The report shall include, but
24 not be limited to, data concerning the prevalence of such
25 products and services and the extent to which they contribute
26 to the overall cost of the loan.

1 (205 ILCS 670/19.2 new)

2 Sec. 19.2. Licensee; prohibition against accepting certain
3 checks. At the time a loan is made or within 30 days after a
4 loan is made, a licensee shall not (i) accept a check and agree
5 to hold it for a period of days before deposit or presentment,
6 or (ii) accept a check dated subsequent to the date written.

7 Section 10. The Illinois Financial Services Development
8 Act is amended by changing Section 3 as follows:

9 (205 ILCS 675/3) (from Ch. 17, par. 7003)

10 Sec. 3. As used in this Section:

11 (a) "Financial institution" means any bank with its main
12 office or, after May 31, 1997, a branch in this State, any
13 state or federal savings and loan association or savings bank
14 with its main office or branch in this State, and any state or
15 federal credit union with its main office in this State, ~~and~~
16 ~~any lender licensed under the Consumer Installment Loan Act or~~
17 ~~the Sales Finance Agency Act.~~

18 (b) "Revolving credit plan" or "plan" means a plan
19 contemplating the extension of credit under an account governed
20 by an agreement between a financial institution and a borrower
21 who is a natural person pursuant to which:

22 (1) The financial institution permits the borrower
23 and, if the agreement governing the plan so provides,

1 persons acting on behalf of or with authorization from the
2 borrower, from time to time to make purchases and to obtain
3 loans by any means whatsoever, including use of a credit
4 device primarily for personal, family or household
5 purposes;

6 (2) the amounts of such purchases and loans are charged
7 to the borrower's account under the revolving credit plan;

8 (3) the borrower is required to pay the financial
9 institution the amounts of all purchases and loans charged
10 to such borrower's account under the plan but has the
11 privilege of paying such amounts outstanding from time to
12 time in full or installments; and

13 (4) interest may be charged and collected by the
14 financial institution from time to time on the outstanding
15 unpaid indebtedness under such plan.

16 (c) "Credit device" means any card, check, identification
17 code or other means of identification contemplated by the
18 agreement governing the plan.

19 (d) "Outstanding unpaid indebtedness" means on any day an
20 amount not in excess of the total amount of purchases and loans
21 charged to the borrower's account under the plan which is
22 outstanding and unpaid at the end of the day, after adding the
23 aggregate amount of any new purchases and loans charged to the
24 account as of that day and deducting the aggregate amount of
25 any payments and credits applied to that indebtedness as of
26 that day and, if the agreement governing the plan so provides,

1 may include the amount of any billed and unpaid interest and
2 other charges.

3 (Source: P.A. 89-208, eff. 9-29-95.)

4 Section 15. The Payday Loan Reform Act is amended by
5 changing Sections 2-5, 2-10, and 3-5 as follows:

6 (815 ILCS 122/2-5)

7 Sec. 2-5. Loan terms.

8 (a) Without affecting the right of a consumer to prepay at
9 any time without cost or penalty, no payday loan may have a
10 minimum term of less than 13 days.

11 (b) No payday loan may be made to a consumer if the loan
12 would result in the consumer being indebted to one or more
13 payday lenders for a period in excess of 45 consecutive days.
14 Except as provided under Section 2-40, if a consumer has or has
15 had loans outstanding for a period in excess of 45 consecutive
16 days, no payday lender may offer or make a loan to the consumer
17 for at least 7 calendar days after the date on which the
18 outstanding balance of all payday loans made during the 45
19 consecutive day period is paid in full. For purposes of this
20 subsection, the term "consecutive days" means a series of
21 continuous calendar days in which the consumer has an
22 outstanding balance on one or more payday loans; however, if a
23 payday loan is made to a consumer within 6 days or less after
24 the outstanding balance of all loans is paid in full, those

1 days are counted as "consecutive days" for purposes of this
2 subsection.

3 (c) No lender may make a payday loan to a consumer if the
4 total principal amount of the loan, when combined with the
5 principal amount of all of the consumer's other outstanding
6 payday loans, exceeds \$1,000 or 25% of the consumer's gross
7 monthly income, whichever is less.

8 (d) No payday loan may be made to a consumer who has an
9 outstanding balance on 2 payday loans.

10 (e) No lender may charge more than \$15.50 per \$100 loaned
11 on any payday loan over the term of the loan. Except as
12 provided in Section 2-25, this charge is considered fully
13 earned as of the date on which the loan is made.

14 (f) A lender may not take or attempt to take an interest in
15 any of the consumer's personal property to secure a payday
16 loan.

17 (g) A consumer has the right to redeem a check or any other
18 item described in the definition of payday loan under Section
19 1-10 issued in connection with a payday loan from the lender
20 holding the check or other item at any time before the payday
21 loan becomes payable by paying the full amount of the check or
22 other item.

23 (h) No payday loan may be made to a consumer who has or has
24 had a small consumer loan, as defined by the Consumer
25 Installment Loan Act, within the preceding 14 days.

26 (Source: P.A. 94-13, eff. 12-6-05.)

1 (815 ILCS 122/2-10)

2 Sec. 2-10. Permitted fees.

3 (a) If there are insufficient funds to pay a check,
4 Automatic Clearing House (ACH) debit, or any other item
5 described in the definition of payday loan under Section 1-10
6 on the day of presentment and only after the lender has
7 incurred an expense, a lender may charge a fee not to exceed
8 \$25. Only one such fee may be collected by the lender with
9 respect to a particular check, ACH debit, or item even if it
10 has been deposited and returned more than once. A lender shall
11 present the check, ACH debit, or other item described in the
12 definition of payday loan under Section 1-10 for payment not
13 more than twice. A fee charged under this subsection (a) is a
14 lender's exclusive charge for late payment.

15 (b) A lender may charge a borrower a fee not to exceed
16 \$1.00 or the actual cost charged by the certified database
17 provider, whichever is greater, for the verification required
18 under Section 2-15 of this Act. Only one such fee may be
19 collected by the lender with respect to a particular loan.

20 (c) ~~(b)~~ Except for the finance charges described in Section
21 2-5 and as specifically allowed by this Section, a lender may
22 not impose on a consumer any additional finance charges,
23 interest, fees, or charges of any sort for any purpose.

24 (Source: P.A. 94-13, eff. 12-6-05.)

1 (815 ILCS 122/3-5)

2 Sec. 3-5. Licensure.

3 (a) A license to make a payday loan shall state the
4 address, including city and state, at which the business is to
5 be conducted and shall state fully the name of the licensee.
6 The license shall be conspicuously posted in the place of
7 business of the licensee and shall not be transferable or
8 assignable.

9 (b) An application for a license shall be in writing and in
10 a form prescribed by the Secretary. The Secretary may not issue
11 a payday loan license unless and until the following findings
12 are made:

13 (1) that the financial responsibility, experience,
14 character, and general fitness of the applicant are such as
15 to command the confidence of the public and to warrant the
16 belief that the business will be operated lawfully and
17 fairly and within the provisions and purposes of this Act;
18 and

19 (2) that the applicant has submitted such other
20 information as the Secretary may deem necessary.

21 (c) A license shall be issued for no longer than one year,
22 and no renewal of a license may be provided if a licensee has
23 substantially violated this Act and has not cured the violation
24 to the satisfaction of the Department.

25 (d) A licensee shall appoint, in writing, the Secretary as
26 attorney-in-fact upon whom all lawful process against the

1 licensee may be served with the same legal force and validity
2 as if served on the licensee. A copy of the written
3 appointment, duly certified, shall be filed in the office of
4 the Secretary, and a copy thereof certified by the Secretary
5 shall be sufficient evidence to subject a licensee to
6 jurisdiction in a court of law. This appointment shall remain
7 in effect while any liability remains outstanding in this State
8 against the licensee. When summons is served upon the Secretary
9 as attorney-in-fact for a licensee, the Secretary shall
10 immediately notify the licensee by registered mail, enclosing
11 the summons and specifying the hour and day of service.

12 (e) A licensee must pay an annual fee of \$1,000. In
13 addition to the license fee, the reasonable expense of any
14 examination or hearing by the Secretary under any provisions of
15 this Act shall be borne by the licensee. If a licensee fails to
16 renew its license by December 31, its license shall
17 automatically expire; however, the Secretary, in his or her
18 discretion, may reinstate an expired license upon:

19 (1) payment of the annual fee within 30 days of the
20 date of expiration; and

21 (2) proof of good cause for failure to renew.

22 (f) Not more than one place of business shall be maintained
23 under the same license, but the Secretary may issue more than
24 one license to the same licensee upon compliance with all the
25 provisions of this Act governing issuance of a single license.
26 The location, except those locations already in existence as of

1 June 1, 2005, may not be within one mile of a horse race track
2 subject to the Illinois Horse Racing Act of 1975, within one
3 mile of a facility at which gambling is conducted under the
4 Riverboat Gambling Act, within one mile of the location at
5 which a riverboat subject to the Riverboat Gambling Act docks,
6 or within one mile of any State of Illinois or United States
7 military base or naval installation.

8 (g) No licensee shall conduct the business of making loans
9 under this Act within any office, suite, room, or place of
10 business in which any other business is solicited or engaged in
11 unless the other business is licensed by the Department under
12 the Pawnbroker Regulation Act and ~~or~~, in the opinion of the
13 Secretary, the other business would not be contrary to the best
14 interests of consumers and is authorized by the Secretary in
15 writing.

16 (h) The Secretary shall maintain a list of licensees that
17 shall be available to interested consumers and lenders and the
18 public. The Secretary shall maintain a toll-free number whereby
19 consumers may obtain information about licensees. The
20 Secretary shall also establish a complaint process under which
21 an aggrieved consumer may file a complaint against a licensee
22 or non-licensee who violates any provision of this Act.

23 (Source: P.A. 94-13, eff. 12-6-05.)".